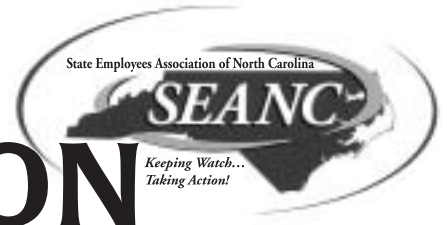


THE SEANC CONNECTION



District 19

Vol. 10, No. 2, August 2003

Final Budget Approved on the Last Day of the Fiscal Year

The General Assembly and Governor Mike Easley gave final approval to a \$14.8 billion budget on June 30, 2003, the last day of the fiscal year. Dana Cope, Executive Director of SEANC, called the budget a "realistic compromise" for State employees. North Carolina is likely to have a severe revenue shortfall over the next two years.

The following summarizes what State employees will receive in the new fiscal year, beginning July 1.

Pay:

State employees will receive a one-time bonus of \$550 and an annual leave bonus of ten days. The compensation bonus will be paid as a one-time lump sum in October 2003. The special annual leave bonus of ten days is effective July 1 and will be accounted for separately from other leave. It can also be combined with the bonus leave provided in last year's budget. Those who are near retirement may elect to save the bonus leave and use it at the end of their career to increase their final average salary, thereby increasing their monthly retirement benefit. The compensation and leave bonuses will be available to permanent part-time employees on a prorated basis.

Health Care:

The final budget fully funds individual health care premiums for State employees and retirees. In addition, there will be no changes to benefits for these members. There are no increases to the deductible, out-of-pocket maximum, or co-pays for prescription drugs. State employees and retirees also gained a new benefit for medical emergencies that occur when out-of-state. Members will no longer be held financially responsible for excess charges above the State Health Plan's allowance. There will be a 17 percent increase in the cost of premiums for dependent coverage, effective October 1, 2003.

Retirement:

Retirees will receive a 1.28 percent cost-of-living adjustment (COLA). There will be no increase in the benefit formula this year due to the fact that there are no gains in the retirement system to pay for any benefit enhancements. Regarding the payback of the \$130 million still owed in retirement contributions escrowed by the Governor in 2001, a \$10 million payback is scheduled for 2003-2004.

Disability Program Change:

The disability program will remain under the jurisdiction of the State Treasurer and will be the subject of a study commission. An earlier provision would have transferred the plan to State Health Plan Administrator Jack Walker. However, a special provision was included that weakens the disability benefit plan for State employees by changing the standard for awarding benefits.

The special provision changes the standard for temporary disability from "mentally or physically incapacitated from the further performance of duty" to "cannot perform the duties of the participant's job or any other jobs available with the State." This standard could be interpreted to require State employees to move across North Carolina to take another job even though they are temporarily disabled. The standard for permanent disability was changed from "mentally or physically incapacitated for the further performance of duty" to "unable to perform any occupation for which the beneficiary or participant is reasonably qualified for by training or experience." Legal experts say that the literal language of this change could make sweeping changes in the disability plan.

Is the State Health Plan in a Death Spiral?

State employees are having trouble paying for their dependents under the State Health Plan. Beginning October 1, State employees with family coverage will have to pay an additional 17 percent. This represents an increase from \$365 to \$427 per month.

Tommy Griffin, Chair of the UNC Employee Forum, said in an interview published in *The Chapel Hill News* on July 6 that most of the calls he has received in response to the newly passed budget are about the rising costs in the State Health Plan.

Sherry Melton, Communications Director for SEANC, puts the case in stark terms. She says, also in *The Chapel Hill News* on July 6, that the continuing increases in the cost of dependent care are causing younger State employees to look elsewhere for family coverage.

According to Melton, the State Health Plan "is in a death spiral...has been since at least 1999." As fewer young State employees sign up for the Plan, the pool of participants is aging and costs are expected to continue to rise. She goes on to say, "The only way out of the spiral is to increase the number of young families in the plan."

Senator Ellie Kinnaird wants North Carolina to become more aggressive in cutting costs by joining in a purchasing consortium with other states to negotiate lower prices from drug companies. "This is something that's working in other states. It's something we should have done a long time ago."

Mission Statement

SEANC District 19 is a professional organization committed to representing employees of all State agencies, dedicated to protecting and improving rights and benefits, increasing visibility and public awareness of the services provided by State employees, and encouraging high work standards and safe working conditions.

DISTRICT 19 OFFICERS

CHAIR
Anthony Weaver
967-3426

IMMEDIATE PAST CHAIR
Martha Fowler
966-1289

1ST VICE CHAIR
Claude Hooker
966-7749

2ND VICE CHAIR
Marie Tate
732-8126

SECRETARY
Karen Thompson
962-3908

TREASURER
Pamela Siler
843-8094

Our Annual Meeting— A Big Success



Marvin Schiller addresses the meeting

District 19 held its annual meeting on June 17, 2003 in the Community Room of the OSAWA Building in Carrboro. Special guest Marvin Schiller, a lawyer from Raleigh who has been an advocate for State employees for many years, discussed several cases in which he represented State employees. They include the Simpson and Faulkenbury cases which laid the foundation for the

Bailey case. Mr. Schiller, who has a

Ph.D in philosophy from The University of North Carolina at Chapel Hill and a law degree from Duke, is now working on a case with three State employees (two from UNC-CH and one from North Carolina State University) who were laid off (through a Reduction in Force) but were told they could not appeal this decision because they do not have appeal rights. Mr. Schiller answered questions from the floor relating to benefits for State employees.

Linda Rouse Sutton, SEANC Second Vice President, was also a special guest at the annual meeting. She had no news about policy platform because the legislature was still in session. There are no major changes with insurance although beginning October 1 members will be able to have homeowners, personal property and automobile insurance payroll deducted either biweekly or monthly with no added fees.



Ruth Lewter presents scholarships to Samantha Everette and Greg Parker



Scholarship winners with Cathy Harrison, Scholarships Committee Chair

major in business or journalism. Samantha will attend North Carolina State University and major in industrial design. Well done, Greg and Samantha. We're proud of you.

Anthony Weaver announced that a benefit at UNC Hospitals had been held in which he, Pamela Siler and Cathy Harrison signed up 16 new members.

The election for officers and delegates for District 19 for 2003-2004 was held. Anthony Weaver was re-elected Chair by acclamation. Claude Hooker continues as our 1st Vice Chair and Marie Tate our 2nd Vice Chair. Kay Daniels also continues as Auditing Chair, Muzetta Pettiford EMPAC Chair, Hazel Lunsford Policy Platform Chair and Beverly Leake Nominating Chair.

State Health Plan Audit Cites Significant Deficiencies

State Auditor Ralph Campbell released an audit of the Teachers' and State Employees' Comprehensive Major Medical Plan, also known as the State Health Plan, on May 22.

The audit cited "significant deficiencies." A summary of its key findings reveals the following shortcomings:

The State Health Plan does not have effective contract monitoring procedures in place. However, the State Health Plan contractors process and/or impact more than \$1.2 billion annually, at a cost of at least \$30 million.

Promotion of mail-ordered prescription drugs has been limited even though an estimated \$1.5 million could be saved annually, if only 10 percent of the Plan's "maintenance" prescriptions were processed using mail-order services.

The State Health Plan's control environment does not maximize accountability. The performance of the Administrator Jack Walker is not formally evaluated and does not require concurrence from any person or group (even though he has sole authority to approve State Health Plan contracts).

The State Health Plan has no formal, long-range plan.

The State Health Plan is not in compliance with state personnel regulations.



Dana Cope

Dana Cope, Executive Director of SEANC, said that the poor management practice and lack of accountability are not surprising. He commented in a recent interview, "We've been telling members of the General Assembly the same thing for several years. A good health plan is a critical component of a quality compensation package, and with health care costs spiraling out of control like they are, it

is imperative that leaders ensure that North Carolina's health plan for employees is managed prudently, and that the executive administrator and others responsible for oversight are held accountable for actions taken or overlooked."

New Affordable Housing Available August 1

Chapel Ridge Apartments, a new 180-unit complex located near the intersection of Homestead and Airport Roads, has 24 single-bedroom units available for local State employees who are income-qualified.

These apartments will rent for \$643 per month to those making less than 80 percent of the area's median income—approximately \$39,550 for a single person. Rent includes water, electric, local telephone, high speed Internet, cable, security system, and a washer/dryer in each unit.

There will be a criminal background check, a credit check and employment verification completed on each applicant. For more information, contact Mavis Gant or Robert Dowling at Orange Community Housing and Land Trust at 967-1545 or ochc@ochlt.org.

District 19 Member Honored for Long Service to North Carolina



Carolyn Sturgess at banquet

The University of North Carolina at Chapel Hill honors its long term employees each year at a Service Appreciation Banquet. Employees are inducted into the Carolina 20-Year Society and invited back to celebrate their 25th, 30th, 35th, 40th, 45th and 50th years of service.

This year UNC's Service Appreciation Banquet was held on April 26.

One hundred and four new members were inducted into the Carolina 20-Year Society. The collective service of these employees represents 2080 years of service to the University and the State of North Carolina.

In addition, 173 employees were invited back to the Service Appreciation Banquet on their subsequent five-year anniversaries. Carolyn Sturgess, from Accounting Services, was present to celebrate 40 years of service to North Carolina. We're pleased to claim her as a member of our District and as a valued State employee.

Stephen Allred, Associate Provost for Academic Initiatives, delivered the keynote address. He said, "We cannot achieve our goals (as a leading public university) without a committed, enthusiastic staff. All of you have given greatly to this University over many years of service. I challenge all of you to begin a discussion of how we might become a model employer, so that we can become ever stronger than we are now."

Scholarship Raffle Featured at Convention



Janie Jones with the truck she won

On September 6 a raffle, with all proceeds benefiting the SEANC scholarship fund, will be held at the annual convention in Greensboro. The grand prize is a 2003 Ford Ranger and the first prize is a 25" color television set with remote control. Tickets are only \$1.

Janie Jones, from District 19, won the grand prize a few years ago. You can too. Buy a ticket today. Contact any District 19 member for more information.

District 19 Member Speaks Out as a State Employee and Faculty Member



Jan Boxill teaching a philosophy class

Jan Boxill came to Chapel Hill's Philosophy Department in 1985. She had been a basketball coach in Florida as well as a philosophy teacher. At UNC she is an award-winning teacher and an administrator.

She believes very strongly in State employee rights and benefits and has been a member of District 19 for a long time. She emphasizes that we are all partners, working together. In a recent interview, she discussed what she called "reciprocal respect. We need each other as partners."

Jan Boxill wants all State employees to be given a living wage and benefits. In particular, she expressed alarm over how budget cuts might adversely affect the housekeepers. She said, "We should not cut in this area. Housekeepers must be treated with respect. They provide important support to UNC. They deserve good working conditions and a salary they can live on."

She is very concerned over what will happen in North Carolina in the future. She said, "Things are so political that it is hard for people to be willing to do what is best in this situation. But there has to be a way to maintain mutual respect."

Jan is a dedicated and excellent teacher. She is involved in the Carolina Speakers program and addresses school and community groups on many topics. She is an advocate for open discussion and promotes diverse views within the University. She is keenly interested in issues directly relevant to State employees.

We like what she has to say and we hope other State employees will join us in safeguarding our rights and benefits.

Retirees' Corner

SEANC Victorious in Retirement Lawsuit

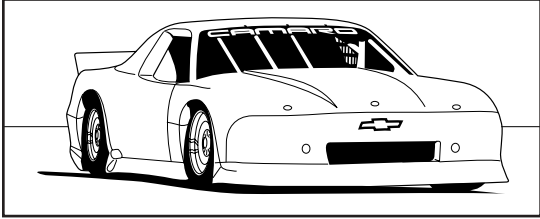
SEANC has won a Supreme Court battle in its fight to force Governor Mike Easley and legislators to return \$130 million still owed in pension contributions withheld in 2001. In June the North Carolina Supreme Court issued its opinion, reversing a previous decision of the Court of Appeals that upheld a lower court dismissal of SEANC's lawsuit. This means that the lawsuit can now proceed. The Supreme Court remanded the case back to the Court of Appeals for consideration.

SEANC filed the lawsuit in 2001 to recoup the money and set a precedent that would protect the Teachers' and State Employees' Retirement System in the future.

Bravo, SEANC.

District 19 Finds a New Way to Raise Money

District 19 has begun a new fund-raiser. We are operating two concession stands at the Orange Speedway on five Saturdays during the summer. There is nothing to compare with stock car racing. Contact Anthony Weaver at 967-3426 and let him know when you will be joining us. The remaining dates to which we are committed to work are August 16 and August 30. Help your district and have fun at the same time.



Mark Your Calendars

District 19 meets the third Tuesday of each month at 5:30 p.m., at the Orange Water and Sewer Authority (OWASA), 400 Jones Ferry Road, Carrboro. There is plenty of free parking and refreshments are served. All State employees are welcome.

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|---------------------|-------------------------------|
| August 19, 2003 | Monthly Meeting |
| September 4-6, 2003 | Annual Convention, Greensboro |
| September 16, 2003 | Monthly Meeting |

The Retirees' Chapter meets on the fourth Tuesday morning of each month at 8:30. All retirees are welcome. For information, call Mariah McPherson at 732-2583.



State Employees Association of NC, Inc.
 District 19 Email seanc19@unc.edu
 The SEANC Connection
 Claire Miller, Newsletter Editor
 Telephone 962-3313
 cmiller3@email.unc.edu
 109A Caldwell Hall, CB 3125
 Chapel Hill, NC 27599-3125
 URL <http://www.unc.edu/depts/seanc19/>

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